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GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

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Governor Presents “First Step” to Address Fiscal Year 2009 Challenges

LANSING – State Budget Director Robert L. Emerson today formally presented to a joint session of the State House and Senate Appropriations Committees Governor Jennifer M. Granholm’s proposal to cut \$134 million from the fiscal year 2009 budget. The governor’s proposal, made through executive order, is a first step in addressing the economic challenges the state will face as a result of the national recession and continuing struggles in the auto industry.

“Michigan’s budget is being impacted by what is happening in the national economy and auto industry,” said Emerson. “Cutting the budget now is a prudent first step to addressing the economic challenges that lie ahead.”

Emerson told lawmakers that State Treasurer Bob Kleine has notified the governor that general fund revenues are currently expected to fall \$540 million below the estimates made at the May Consensus Revenue Estimating Conference. He also informed lawmakers that although the final auditing has not yet been finished for fiscal year 2008, budget officials are expecting an ending balance of more than \$440 million in general fund revenue. The fiscal year 2009 budget anticipated a carry forward from fiscal year 2008 of just \$140 million in general fund revenue.

Executive Order 2008-21 includes:

- \$40 million in program and policy cuts, including closure of one state prison, one prison camp and the Adrian Training Facility for youth offenders;
- \$10 million in administrative cuts;
- \$29 million in restricted revenue reductions;
- \$52 million in savings from lower-than-expected caseloads.

Emerson urged lawmakers to take quick action on the executive order cuts to protect the state’s financial health and the financial well-being of Michigan’s families. He also cautioned that additional cuts will likely be needed this year to address on-going economic challenges.

“The executive order presented today reflects Governor Granholm’s continuing commitment to protect citizens’ priorities, including education, health care and public safety,” said Emerson. “Whatever additional action is needed in response to changing economic circumstances or federal economic stimulus funds will reflect those priorities, as well.”

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